

1-2-1922

## Pace Student, vol.7 no .10, September, 1922

Pace & Pace

Follow this and additional works at: [https://egrove.olemiss.edu/acct\\_pace](https://egrove.olemiss.edu/acct_pace)



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

---

### Recommended Citation

Pace & Pace, "Pace Student, vol.7 no .10, September, 1922" (1922). *The Pace Student*. 79.  
[https://egrove.olemiss.edu/acct\\_pace/79](https://egrove.olemiss.edu/acct_pace/79)

This Article is brought to you for free and open access by the Accounting Archive at eGrove. It has been accepted for inclusion in The Pace Student by an authorized administrator of eGrove. For more information, please contact [egrove@olemiss.edu](mailto:egrove@olemiss.edu).

# The PACE STUDENT

Vol. VII

New York, September, 1922

No. 10

## Training for Advancement in Organized Business

By John T. Kennedy, LL. B., Dean, Pittsburgh School of Accountancy

*We have pleasure in publishing below the substance of an address delivered by Mr. Kennedy before a group of employees of the Westinghouse Electric and Manufacturing Company, Pittsburgh, Pa.—[EDITOR.]*

**H**AS the day arrived when a course of systematic study is as essential to prepare for a business career as it is to prepare for a professional or scientific career? If not essential, is such a course of systematic study desirable? Answers to both of these questions must interest the young man who contemplates training for advancement in organized business.

Thousands have answered these questions in the affirmative. Among these thousands are students who have undertaken, or are undertaking, a systematic study of the science of business. Included in these thousands, are relatives of these students who approve of what they are doing and who often aid the students. Supporting the conclusions these men and women have reached, are the opinions of leaders in present-day industrial corporations. The evidence of personal opinion favors a course of systematic study for the young man preparing for a business career.

### *Why Such a Course Is Essential*

What I purpose to tell you is why such a course is essential and desirable. I shall show that just as training for the professions is no longer advantageously obtained in the work place, so training for advancement in business can not now be obtained, by the average individual, within the business organization. Step by step, I shall compare a professional career with a business career, and demonstrate that the opportunities in business, compared

with the number undertaking intensive preparation for a business career, are greater than in the professions.

Before telling you what a systematic study of the science of business will do for you, I shall tell you what it will not do for you. It will not give you an easy, ready road to success. Training, alone, never brings success. There is no mysterious principle, nor is there a secret formula, for advancement in business.

### *Conclusions Drawn*

No course, by itself, will make a man a business executive. There are a number of graduates of business training courses who are now business executives. From the lives of each of these men I might cite three events: that he was doing routine work for a business organization; that he completed a business training course; and that he later became a business executive. But by reciting these events in the order given, I would not prove that the course which they studied was alone responsible for these men becoming business executives. Broadly speaking, in each case, there were probably three factors: first, the opportunity to become a business executive; second, the possession of those traits of character found in the modern business executive; and, third, the possession of that technical knowledge needed by executives and furnished, in these instances, by a business training course.

How a business training course may contribute toward your advancement in business may be briefly summarized by a comparison with the usual preparation for the legal profession. No man can become a great lawyer merely by passing through a

### LEADING ARTICLES FOR SEPTEMBER

<i>Training for Advancement in Organized Business</i>	- - - - -	<i>Editorial</i>	- - - - -	<i>Page 152</i>
<i>Biographical Sketch</i>	- - - - -	<i>How to Write a Letter of Application</i>	-	<i>Page 154</i>
<i>Making the Bargain</i>	- - - - -	<i>The Question and Answer Department</i>		<i>Page 156</i>

law school. It is quite possible that a man, even in these days, may become a great lawyer without graduating from a law school, because he might obtain his legal education in a law office. But by far the great majority of men now leaders in the legal profession, or who are destined to become leaders, obtained their fundamental legal education in the law school. So it is that a course in business, by itself, will not make for your advancement in modern business. It will provide you with the technical training essential to that advancement. From years of experience in the business organization there is a possibility that you might obtain this technical training. By taking this course, you will bring about two certainties: that if your opportunity comes at an early stage of your career, you are more likely to be prepared for it than if you depend exclusively upon experience; secondly, you are certain, and do not depend upon a remote chance to get the necessary technical equipment.

#### *Do not Expect too Much*

Do not expect from a business course more than you would expect from any other professional or vocational course. Remember that the lawyer, the physician, or the engineer, must go through years of study in the professional school, followed in the average case by years of practice, before attaining what might be called a working success as a practitioner.

Why can not the average man learn all that is necessary for business advancement from his experience in the business organization? Note that I speak of the average man in the business organization, and not of the few men who are given exceptional opportunities to watch and observe all the moves in the financial management of a large organization. There are two reasons why this training can not, ordinarily, be obtained from day-by-day work in the business organization. The first is, that more knowledge of economics, finance, organization, and management is required in these days of large business enterprises than was required in the days of the smaller business enterprise. The second is, that there is a fine division of labor in the large business enterprise, so that each employee does only a small part of the total work to be done. There is more to be learned about business organization, and less opportunity to learn within a business organization, than in the days of the smaller business enterprise.

Advice given to a young man respecting professional and business careers, in the old days, has an immediate relation to the present-day methods of teaching business administration. If a man wanted to be a lawyer, he used to be advised to go into the office of a practitioner who was practicing the profession alone, and who had a general line of practice. If he wanted to be a physician, he used to be advised to go into the office of a general practitioner. Should his leanings be toward public accountancy, he was advised not to go into the larger accounting offices, but into the small, active office. In business, the same advice used to be given; it used to be

suggested that a small, active business afforded the best possible training. The reason for this was that the larger the business, the less the man would get of the general practice of the business. He would be engaged upon tasks which gave him a view only of a part, instead of the whole. However sound this advice may have been, it is hardly practicable to-day. The smaller business has by no means the same problems that the large business must meet. For example, a small factory would not be justified in having an elaborate system of cost accounts. Only in a large factory would an elaborate system be found. The man in the large factory, however, would work only on part of the records, and would not be trained in the entire cost system, unless, of course, he occupied an executive position. It is because of the fact that this perspective is essential to a thorough knowledge of business, and because of the fact that it can be obtained neither in the small business nor in the large business by the average employee, that a course of scholastic study has become essential.

#### *Scope of Training*

The scope of the training essential to advancement in business includes more than learning to do one specific thing. Control of modern business is based upon a knowledge of the facts respecting business, and the application of principles to those facts. These facts are obtained from financial statements. Financial statements, in turn, are prepared from the books of account. The books of account, then, must disclose the facts to be set forth in the statements that are used as a base for business control. It is one thing to teach a man to draw a chart; it is another to teach him to use the chart.

Training means more than telling about things; it means teaching how to do things. You may tell a man every movement used in swimming, without teaching him how to swim. The purpose of the business training course should be to train men to do things.

Training should lessen the very human tendency to make mistakes. There is usually but one way which is right, to the several ways which are wrong. By the law of averages, the tendency is to make errors when trying anything new. Not the error, but the consequence of the error, is important. In the school, the consequence is small; in business, it may be substantial. No school, of course, can turn out students who will never make errors. But a large number of the errors to which a student is inclined may be corrected in the business school, instead of being left for correction in the more exacting school of experience.

Training should also develop the habit of doing things with instinctive skill. Your busy executive does not have the time to reason out and ponder upon every problem presented to him. Decisions must be made, so to speak, at the "drop of the hat," with a high percentage of accuracy. This ability can only be attained by developing the habit of solving problems. Important though the correct solution to problems may be, equally important

is the skill with which problems are attacked.

Training, then, contemplates the mastering of principles, cultivating the ability to do things, correcting the tendency to make errors, and developing skill in solving problems. These are the basic essentials of business training.

Training for business means teaching the student how to do what is done in business under the most approved practices. You will find that solving these business problems to-day requires a knowledge of certain of the principles of finance, economics, organization, management, and law.

### *Method Illustrated*

This method of instruction may be illustrated by taking a concrete example and considering the principles underlying its solution. Take the subject of individual pay. There are several methods of individual or piece-pay from which you might make a selection in solving a wage problem on the basis of a statement of facts that would be furnished you. You would find that the solution of such a problem might involve certain principles of law, economics and finance, organization, and psychology. Because of our limited time, I shall not give all of the principles of these subjects that you would have to consider, but will state, in respect of each, at least one.

At least the legal subject of contracts would have to be understood, and if the particular method involved deferred payments, or stock issues, it is quite possible that the law of trusteeships, the law of corporations, as well as the Federal income tax would have to be considered.

One principle of economics and finance you would consider would be that to the extent the method would increase production, it would decrease the per-unit cost of overhead for each unit produced; another is that the faster the production the more likely a quick turnover of capital.

A principle of organization is, that individual pay often affords an automatic incentive to effort which reduces the amount of supervision required.

A principle of psychology is, that if the method is designed to stimulate production, the more it is within the financial range of the worker, the more likely an effective result; if, on the other hand, it is designed to reduce labor turnover by inducing men to remain with the organization, then payment should be deferred.

All of these principles, and many more that I have not enumerated, you would consider in selecting a method of pay designed to accomplish the purpose stated in the proposition given you. You note that you would proceed from the problem back to the principles underlying its solution. If you studied law, without studying its relation to the science of business, if you studied economics and finance as distinctive subjects, and if you studied, likewise as distinctive subjects, organization and psychology, is it likely that you would gather together from your separate studies all the principles essential to the solution of this problem?

Consider this same problem of individual pay

from another angle. The president of the corporation contemplates the adoption of one of several piece methods of pay, in place of the day method in a given department. You are the auditor. He asks you to prepare a statement estimating the probable financial result of making this change. Naturally, he would expect you to prepare this statement without detailed instructions. If you do not know how to use accounting records, if you do not understand overhead costs and the various methods of distributing them, if you do not know how to compute the turnover of capital, if you do not allow for the varied supervision required under the methods you compare, you would not be able to furnish an intelligent statement. Thus, to prepare this statement, you would require a knowledge of principles similar to those required to make a choice of the methods of pay to be adopted.

Having thoroughly defined what I mean by the word "training," I shall now tell you what I mean by "advancement in organized business." There are gradations in business, just as there are gradations in the professions. Some men will be leaders in the professions, just as others will become leaders in business. Some men achieve a working success in the professions, just as do others in business. Likewise, some men make a better living out of a profession, by reason of their training, than they would otherwise, and this is also true of business. Moreover, it is to be expected that some men make little or nothing from their training for a profession, which is likewise true in business. By "advancement in business," I mean the reaching of a higher gradation, through the medium of training, than would otherwise be possible.

### *Chances for Advancement*

Your chances for advancement in business are then intimately related to the opportunities which business offers. In this respect, a business career compares favorably with a professional or a scientific career. More men are studying law, compared with the opportunities in law, more men are studying medicine, compared with the opportunities in medicine, more men are studying the sciences, compared with the opportunities in the sciences, than are studying the science of business, compared with the opportunities of business.

This statement is supported by actual comparison of the number of men studying for these various vocations, and it is vouched for by leaders of business. Among these leaders are Theodore A. Vail, late president of the American Telegraph and Telephone Company; James A. Farrell, president of the United States Steel Corporation; President Du Bois of the Western Electric Company; and Thomas A. Edison. All of these men declare that the opportunities of business, compared with the number of trained men available, are greater than in the professions.

Consider the tremendous expansion of business organizations during the past thirty years. Thirty years ago, little did a man need of finance, of economics, of law, or of organization principles to

manage a small corner store or the relatively small factory. Without these, many men could and did manage most of the businesses of the past. But as these businesses grew, as they expanded, then did the knowledge of the principles of these sciences become more and more indispensable to business management.

When I say "management of the business," I mean management in its broadest sense. This includes all of those who contribute toward management. It embraces, not only the man at the head, but executives further down the line. Your credit manager must know principles of the law of bankruptcy, receivers, negotiable paper, trusteeships, the legal advantages and disadvantages of proposals made at creditors' meetings, and must be able to interpret and measure the significance of financial statements. Your purchasing manager must know markets, the tendencies of markets, the usages of trade respecting purchases made, and he must coördinate his activities to the needs of the establishment. Your controller must understand thoroughly the principles of permanent financing, as well as those of current financing. Your auditor must be familiar with these principles. Practically all of these principles must be understood by your organization tax man who prepares your Federal tax return. So it is that throughout the business

organization there are men who must and do use these principles.

What has happened respecting business will continue to happen. More and more will the principles of these arts and sciences be used. Growth is the law of business, and with that growth comes increased opportunities for those in business.

This faith in the future of business leads me to predict that the business organization will give a chance to the man who gives the organization the chance. Without training, no man can give the organization a fair chance to advance him. Training develops the ability to do the things which must be done in business. This ability can be attained only by a thorough understanding of the transactions of business and of the principles which underly those transactions. These transactions, and these principles, can not be learned by the average man from his day-by-day work in the business organization. They can be learned by a systematic course of intensive study. This course is now available to you. If you have confidence in what the men who are leaders of business say, if you have faith that the opportunities will continue to develop as they have developed, then your first step in training for advancement in business will be to take a systematic course in the science of business.

## *Biographical Sketches of Pace Students Who Have Made Good*

*Francis J. Masterson, C.P.A.*

**F**RANCIS J. MASTERSON, C.P.A., senior member of the firm of Masterson & O'Brien, public accountants, 165 Broadway, New York City, was born in Brooklyn, March 28, 1876. Practically all of his life has been spent in the metropolitan district. Mr. Masterson began his business career as a clerk in the offices of Adams & Sons Company, Brooklyn. His career from that point to his present position as professional accountant with the C.P.A. degree should be of particular interest to Accountancy students, because it illustrates so concretely the various steps by which so many accountants have progressed in arriving at a practice of their own.

Like so many city boys, after finishing grammar and high school, Mr. Masterson secured a clerical position. So attentive was he to details, and so sincere in his desire to widen his business horizon, that he did not remain long at clerical work. After leaving his first position with Adams & Sons Company, in Brooklyn, in 1900, Mr. Masterson secured employment as bookkeeper with the American Chic Company in their New York City office and remained with this company until 1909, during that time moving up from a bookkeeping position to an executive position in the accounting department. The next two years were spent by Mr. Masterson in public accounting practice on his own account in New York City. In 1911, however, he returned to the American Chic Company and was soon appointed auditor. At the time of his resignation, in 1917,

Mr. Masterson was treasurer of the American Chic Company. This com-



pany manufacturers chewing gum, including such well-known brands as Beeman's Pepsin Gum, Chiclets, and

Adams' Pepsin Gum. The company has factories in several large cities of the United States, as well as in Canada and England.

The desire for practicing Accountancy never deserted Mr. Masterson, and during the time of his last employment by the American Chic Company, he completed the Pace Standardized Course in Accountancy and Business Administration which was then taught at the Central Y. M. C. A., in Brooklyn. After passing the New York State C.P.A. Examinations, he was awarded his degree, in 1918, and immediately engaged in public accounting practice in New York City, under the firm name of Masterson & Coultaus. Mr. Coultaus, his partner, who also studied the Pace Course at the same time as Mr. Masterson, is now with Lingley, Baird & Dixon, public accountants, New York City. Mr. Masterson also engaged in special work for West & Flint, certified public accountants, New York City. Shortly after the outbreak of the Great War, Mr. Masterson entered the Income Tax Unit of the Bureau of Internal Revenue in Washington, and was immediately assigned to the Consolidated Returns Division. He later served in the Technical Research and Classification Division. Because of his familiarity with tax matters, Mr. Masterson was later assigned to the New York District to handle special cases. Early in 1922, the firm of Masterson & O'Brien, public accountants, was organized in New York City with Mr. Masterson as senior part-

ner. The firm maintains offices at 165 Broadway, New York City.

After all, nothing can speak more eloquently of the success which a man may achieve than the specific record of his work. Mr. Masterson began as a clerk and is now a certified public accountant with his own practice. Mr. Masterson's reflections upon opportunities in business and in professional Accountancy practice for properly trained men and women will, therefore, be read with interest:

"There are many opportunities in business and in professional Accountancy practice to-day for aspiring men and women," says Mr. Masterson. "At present, all the peoples of the world are struggling to adjust themselves to new conditions. Far-seeing business men are looking forward to a great era of commercial prosperity. I feel that young men and young women should lose no time in preparing themselves to take advantage of this prosperity.

"Accountancy practice affords the best kind of preparation. When we consider the subjects which the Accountancy student must study, and when we consider the broad knowledge of business which the young accountant obtains through his professional work, we realize that in the professional accountant we have the business man of broad vision.

"In private practice, such positions as accountant, auditor, controller, and treasurer are open to the successful accountant. These positions command large salaries. In public practice, there is a great opportunity for securing knowledge of such matters as manufacturing, banking, brokerage, and insurance, all of which afford exceptional opportunities for the acquisition and application of broad accounting principles. To achieve success in Accountancy, as in any other profession, close application is necessary. A love of the work, concentration, determination to work hard, perseverance, and good health are all essential.

"I feel that the easiest road to success is offered to the student by an Accountancy institution that has stood the test of years. Pace Institute is such an institution. The training which it affords is systematic and is based on years of experience, and presents to students the general principles of accounting, law, and allied subjects. The Course is so arranged that it is interesting as well as instructive."

### Credit Men Plan Saving

**A**N article in *Printers' Ink*, of July 6, 1922, contains part of a speech recently delivered before the convention of the National Association of Credit Men by H. Uehlinger, assistant treasurer of the Hilo Varnish Corporation, Brooklyn, N. Y.

It develops that the Business Service Committee of the National Association of Credit Men believe that a saving of \$400,000,000 can be effected in the bad debt loss of the country. Mr. Uehlinger's ideas will be of interest to accountants and business executives. His remarks follow:

"The Business Service Committee of the National Association of Credit Men

believe that the bad debt loss of the country, which in 1921 was about \$800,000,000—30 per cent. greater than the entire fire losses of 1921—can be cut in half by the practice of the principles of Business Service on the part of credit men.

"The credit man is particularly fitted and qualified by his training and experience to detect weak spots in his customers' methods, and uses the genius of his organization for the purpose of assisting his customer before it is necessary for him to make public confession of his inability to meet his obligations.

"Business Service is best described as a 'heart interest in customers beyond and in addition to the exchange of dollars for merchandise, whereby through advice and counsel in matters of business administration the customer is built up in whatever department he may be weak until he is made whole and successful.'

"This places a very heavy responsibility upon the credit office: that of teaching customers what constitutes the cost of doing business; the right way to figure profits; how to conduct a credit department, to make collections effectively, and to eliminate waste; the importance of sound accounting methods; how to plan, produce, price, and supervise their businesses—to do all this, not after they are in the clutches of the law, but long before, so as to prevent their ever failing at all.

"Credit men will have time to practice business service by just substituting all the hours and days now spent in attending meetings of creditors, studying extensions and adjustment propositions, preparing cases for counsel, and assisting generally in bringing fraudulent debtors to justice."

### Facts on Foreign Trade

**B**USINESS men and accountants are, of necessity, interested in matters pertaining to our foreign commerce. The following editorial, taken from the *New York Times* of July 20th, contains information which will be of interest. The editorial follows:

"The total of exports and imports shows the activity of foreign trade, the balance shows the profit or loss. If recent years are taken for comparison with the twelvemonth just ended, there is a decrease in both activity and profit. But the activity and profit of wartimes were provided by taxation and expenditure of mortgage money. Our foreign trade for the last fiscal year shows a decline in imports of \$1,046,841,236 and a decline of exports of \$2,746,289,062.

"Despite decreases by the billion, the fact remains that our trade stands above a normal year. The total of our exports and imports for 1921-22 is \$6,377,000,000, against \$4,257,000,000 in 1914. Our post-war imports are \$713,692,453 above the pre-war, and our exports are larger by \$1,405,641,823. There is no threat of a flood of imports, and a simple increase of imports is no longer so affrighting to the timorous and economically illiterate as it was. We have learned that he who will not buy can not sell.

"Our foreign trade is lower than it

ought to be, though higher than it used to be, because there are more idlers in the world than at any previous normal time, and because the war swallowed up the capital which might have gone into cheapening goods by increasing production. Last year's foreign trade figures are better than they seem, better than might have been expected. They contain an implicit promise of a better future, when the world turns to production."

### Spell these Words

**T**HE students in the English classes at Pace Institute, New York, are required, in the course of their study, to master the spelling of fifty words which are likely to give trouble to the average business man or woman. It has been said that good spellers are much rarer than was the case fifty years ago, when, in practically every school in the land, the weekly spelling-bee was an established part of the curriculum.

The executives of Pace Institute feel that there are certain business words which every one, particularly every business man or woman, should know how to spell. Ten words, chosen from this list of fifty, are given below. They are representative of the type of words composing the list.

- |                   |                  |
|-------------------|------------------|
| 1. embarrassment  | 6. benefited     |
| 2. accommodation  | 7. omission      |
| 3. recommendation | 8. affidavit     |
| 4. supersede      | 9. inexhaustible |
| 5. indispensable  | 10. exorbitant   |

### Boston Pace Club Active

**T**HE Pace Club of Boston, through its Entertainment Committee, of which Miss Mary E. Anderson is chairman, is planning a series of dances for the coming winter months. The first dance of the series is scheduled for the evening of October 11th.

The Educational Committee of Pace Club of Boston is now arranging for a series of special lectures and informal talks to be given during the coming fall and winter. A busy winter is surely in prospect for the students and graduates of Pace Institute, Boston.

**JAMES HENDERSON**, a student in the Day-School Division of the Pittsburgh School of Accountancy, conducting Pace Standardized Courses, has accepted, through the Placement Division of the school, a position as bookkeeper and office manager of the Pittsburgh-Idaho Company, Ltd., Pittsburgh, Pa.

**WILLIAM MERSHON**, Class B2311, Day-School Division, Pace Institute, New York, recently accepted, through the Pace Agency for Placements, Inc., a position in the accounting department of the Wireless Press, 326 Broadway, New York City.

**H. E. NETTLES**, of Monroe, Louisiana, a student in Pace Institute, Extension Division, has received his appointment as auditor in the Consolidated Returns Division of the Bureau of Internal Revenue. He reported for his new duties in Washington on July 17th.



## Making the Bargain

By Glenn Willett, LL.M., of the Law Faculty, Pace Institute, Washington

PUT yourself in the place of Brauer. He wanted cattle-carrying space on the Warren Line of steamships for May sailings from Boston to Liverpool, and so wired an inquiry, to which he received the following answer by telegraph: "Subject prompt reply, will let you May space, fifty-two six." This telegram was sent at 11:30 o'clock, and was received by Brauer at 12:16. At 12:28, Brauer dispatched a telegram accepting the offer, but for some reason, it was not received by the addressee until 1:20. In the meantime, at 1 o'clock, a telegram was sent by the Warren Line revoking their offer, but this message was not received by Brauer until 1:43. If you were Brauer, would you think you had made a binding contract?

The foregoing is a short statement of facts involved in the case of *William W. Brauer and others v. Frank Shaw and others*, 168 Mass. 198, decided by the Supreme Judicial Court of Massachusetts, in 1897, and the problem there presented is typical of those arising in business negotiations of every day, the solution of which is comparatively easy by reference to legal principles and rules now well established.

### Basic Principles

A basic legal principle underlying all such cases is, that contract springs from agreement of the parties, and that an agreement signifies a true and complete meeting of the minds of the parties with reference to a certain subject-matter mutually understood. It is important, then, in any case, to discover whether or not there was such agreement. Now, one of the tests whereby one may determine whether or not a contractual agreement exists is the rule that every contract is reducible to the form of an offer and an unqualified acceptance thereof. Note it is not said that a contract must be in the form of a distinct offer and a distinct acceptance, but merely that an agreement of the kind which furnishes a foundation of contract must be capable of being so stated. It is but a test of complete accord between the parties. However, many contracts are made by the offerer submitting a specific proposition, to which the offeree expresses his unconditional assent.

Now, suppose that the parties, in the case of *Brauer v. Shaw*, had been dealing face to face. Suppose one had said to the other, "I will let you May space at fifty-two six," and that the other had answered, "Accepted." Or, suppose they had written and signed a memorandum to that effect, whether in the form of offer and acceptance or not. In either case, an agreement would have been concluded on the spot. Then and there a contract would have been made. It is apparent that the only difficulty in applying the rule to the facts in the case arises from the circumstance that the parties

were dealing at a distance by a means of communication requiring time to transmit intelligence, and that each party for a time necessarily remained in ignorance of what the other party had said and done.

In view of the foregoing considerations, it becomes evident that, in cases where parties carry on their negotiations at a distance through the medium of the mail or telegraph, some specific rules of law must be had whereby to test the legal results of such transactions. Before discussing the rules themselves, however, it is well to make a general observation respecting the necessities of the case.

### Nature of Rules Required

It becomes apparent, upon a moment's reflection, that what is necessary to solve the problem in *Brauer v. Shaw* are rules whereby to determine precisely at what point of time each message is to be deemed communicated to its addressee. In other words, the question is, precisely *when* is an offer deemed to be made so that it is capable of being accepted; and precisely *when* is an acceptance to be deemed to take effect; and precisely *when* is a revocation of an offer to be deemed effective so that it is no longer capable of being accepted? By the aid of rules framed to answer such questions, we may readily solve the problem.

### When Offer Available

There appears no difference of judicial opinion respecting the proposition that an offer, to be effectual as such, must be communicated to the actual knowledge of the offeree. One can not accept an offer of which he has never heard. Accordingly, in *Fitch v. Snedaker*, 38 New York 248, where Sheriff Snedaker offered a reward of \$200.00 for information leading to the arrest and conviction of a murderer, and Fitch furnished the evidence on which a conviction was had, though at the time of furnishing the evidence, Fitch had not heard of the offer of reward, it was held he could not recover. Cases like effect are numerous. Upon this principle, it follows that one who has dispatched an offer, by intercepting and recalling it so that it does not reach the offeree, may effectually prevent its acceptance.

### Acceptance by Offeree

It is now uniformly established, except if statutes provide otherwise, that where an offer is made through a certain agency, and acceptance is made through the same agency, unless there be an understanding to the contrary, the acceptance takes effect when delivered to the agency whether actually received by the offerer or not. Thus, if one sends his offer by mail, and the offeree accepts by mail, the acceptance is complete when posted. Likewise, if the offer be sent by telegraph, and the ac-

ceptance be made by the same means, the contract is complete upon delivery to the telegraph company of the acceptance. These conclusions proceed from the legal implication that when one makes an offer by mail or telegraph, without a stipulation therein to the contrary, it is deemed an authorization to the offeree to send his acceptance by the same means of communication. To avoid that result, the offerer need only make it a condition of his offer that the contract shall be deemed binding only upon actual receipt of acceptance.

Prior to the leading English case of *Adams v. Lindsell*, the principle above stated was not accepted by the courts of England. In that case, Lindsell offered to sell wool to Adams by letter, dated, September 2, 1817, "receiving your answer in course of post." He misdirected the letter, so that Adams did not receive it until the 5th, on which day Adams posted an acceptance; but meanwhile, Lindsell sold the wool to others. Adams sued for breach of contract. In behalf of Lindsell, it was contended that there was no contract until the letter of acceptance was actually received, but the Court said:

"If that were so, no contract could ever be completed by the post. For if the defendants were not bound by their offer when accepted by the plaintiffs until the answer was received, then the plaintiffs ought not to be bound till after they had received the notification that the defendants had received their answer and assented to it. And so it might go on *ad infinitum*. The defendants must be considered in law as making, during every instant of the time their letter was traveling, the same identical offer to the plaintiffs, the contract being concluded by the acceptance of it by the latter."

A leading American case embodying the principle here stated is *Taylor v. Merchants' Fire Ins. Co.*, 9 Howard 390 (Supreme Court of the United States), decided in 1850.

#### Revocation of Offer

The general rule is, that the offerer may withdraw his offer at any time before acceptance thereof, and it is now established that where the offer is made to a designated person, notice of revocation of the offer must be communicated to that person, and such notice takes effect only when received by the offeree. Where the offer is addressed to the public, however, it appears that revocation is complete when it is notified to the public through the same channels as the original offer. This rule was laid down in *Shuey v. United States*, 92 U.S. 73, the facts in which were that a general offer of reward for information leading to the arrest and conviction of Surratt, an accomplice of Booth, assassin of President Lincoln, was made by the United States, and subsequently revoked by a proclamation which was given equal notoriety through the same channels. The plaintiff obtained and furnished such information after the offer had been revoked, though he had never heard of the revocation of the offer. The Congress voted the informant \$10,000, but he sued in the Court of Claims for the whole amount of the

reward. It was held that he could not recover, one reason for which being that the offer was revoked before acceptance.

#### Rejection of Offer

It is established that rejection of an offer by an offeree effectually terminates the treaty between the parties, so that it can not afterwards be accepted, but reported decisions do not seem to declare a rule fixing the time when a rejection is to be deemed effective in the class of cases here considered. Professor Williston, in his recent treatise on contracts (Section 52), says: "When a rejection sent by mail takes effect is a question which does not seem to have been yet authoritatively decided." It may well be argued, however, by analogy to the rule governing acceptances, that a rejection would, under like circumstances, be deemed effective from the time it was mailed.

In the class of cases and subject to the qualifications stated in the foregoing, the rules for determining the precise effective moment of an offer, revocation of an offer, acceptance of an offer, and rejection of an offer, may be summarized thus:

1. An offer is capable of being accepted only after it has been communicated to the knowledge of the offeree.
2. An offer may be revoked at any time before acceptance, but revocation of an offer, like the offer itself, becomes effective only when received by the offeree.
3. When forwarded by the means expressly or impliedly authorized by the offerer, an acceptance becomes effective from the moment it is thus put in course of transmission.
4. Rejection of an offer terminates the treaty between the parties, and probably the moment at which it becomes effective is to be determined by the rules relating to acceptance.

#### Decision in *Brauer v. Shaw*

We may now solve the problem arising upon the facts in *Brauer v. Shaw*, as stated at the beginning of this article. The offer, communicated by wire, was received by the offeree at 12:16, when it became available for acceptance. Since there was no agreement or stipulation to the contrary, there was implied authority to accept by wire. This was done by dispatching a telegram of acceptance at 12:28, only 12 minutes after receipt of the offer, which was certainly a "prompt reply," fulfilling that condition of the offer. Now, as the acceptance became effective when sent, it follows that a contract between the parties was concluded at 12:28, unless at that time there had been a revocation of the offer. But the revocation of an offer takes effect when received by the offeree. In this case, the revocation was received at 1:43; but the result here would be the same, though the rule were otherwise, since the revocation was not sent until 1 o'clock, or 32 minutes after acceptance of the offer. Therefore, there was a contract which became binding upon the parties at 12:28, the circumstance that the acceptance was not received by the offerer until 1:20 being immaterial in this case.



## THE PACE STUDENT

*A monthly Magazine of service, interpreting the purpose, spirit, and needs of Modern Business*

*Subscription, \$1.50 a Year, Payable in Advance*

*PACE & PACE, Publishers*

*30 Church Street*

*New York City*

*Copyright, 1922, by Pace & Pace*

### September

**T**O THE student, September is primarily a time of new plans. It is the time when he begins new courses of study, or when he continues courses begun some time before. Now that the summer, with its holidays and manifold distractions is behind him, he lays definite plans for a winter of productive work and study.

The test of a student's real worth, however, does not come in September. It comes the next spring. Is he in his place in the classroom then? Have his resolutions sustained him during the winter? Is he standing by?

Let every student who this month begins a developmental study program ponder these questions well. Let him decide to start, yes. But, let him, beyond that, make up his mind definitely to finish what he starts; to be found in his place in the classroom in May; to see it through.

### Be Calm

**M**OST of us, fortunately, are compelled to work for a living. Our remuneration is based on the work that we do. Whatever, then, will help us to do more work within a given time-limit, will, in the ordinary course of events, be reflected in something close to our hearts—our pay envelope.

Nervous agitation prevents the full utilization of each hour in the working day. A man nervously agitated is likely to take from half-again to twice as long to complete a given task as he would if he were working easily, without emotional stress of any kind. He gets excited. He begins to doubt whether he is doing the job properly. He worries. He loses confidence in his own ability. And he usually achieves just the end he is afraid he will achieve—a piece of work which is not accurately done, and which shows in every detail the agitated state of mind and the lack of self-confidence of the man who performed it.

The untrained man frequently gets excited when confronted with a problem outside his ordinary circle of mental activity. The unknown worries and flusters him. Lack of knowledge stands in the way of his attaining that poise of mind without which heavy mental labor can never be performed. But it sometimes happens that we find a trained business man who is subject to these attacks of nervous agitation. Let us consider his problem.

The trained man usually gets nervously excited in performing certain tasks for two reasons—physical and mental. On the physical side, he may not be getting enough sleep, or he may smoke too much, or eat too heavily at the wrong times. He should, then, make a careful analysis of his physical habits to find out if a change in them will prove beneficial. Frequently, it does. On the other hand, if this analysis of things physical discloses nothing wrong, let the business man examine his mental processes with some care; let him bring to bear on his own mental habits some of the power which he utilizes in solving his own daily business problems. This he can do if he will. If he will watch his work, he will frequently find that more or less unconsciously he has fallen into bad mental habits. Let him plan specifically to do each piece of work for a day with calmness and decision. Let him keep his mind off results a bit, and think only of methods. He can do a great deal with his will-power. If the trained, normal man will only give some heed to his physical and mental habits, he should be able to avoid much of the nervous agitation which mars his work, and he can, as a result, devote his entire energies exclusively to the particular task to be performed.

### Planned Study

**I**N A recent issue of THE PACE STUDENT appeared an article entitled, "A Logical Study Program." The article contained a study program which had been worked out by Elmore G. Kane, a student in the Day-School Division of Pace Institute, New York. In his program, Mr. Kane divided his working day into units, and for each unit he had either attendance at some class-session, or study of a certain, specific subject. This schedule, he explained, he adhered to regularly each day.

The advantages of such a program to the student, whether he be in day or in evening school work, are obvious. Not alone does he save time, but he makes certain, by thus definitely allocating his time, of having his work properly prepared for each class-session. In planning his study, and in adhering to the plan after he has worked it out, the student is also applying one of the essential principles of modern management—that of having a definite standard of performance against which actual performance can be checked.

### Don't Force the Decision

**M**ANY a sale has been spoiled, and many a negotiation has come to naught, because one man tried too hard to force a decision upon the other. Ordinarily, it is good practice to give the other man time to do his own deciding. He frequently resents being pushed into a corner and mentally brow-beaten. He balks, and the situation is ruined. A man can frequently be led around to your way of thinking, but he prefers to make the decision himself.

## Hamilton Stewart Corwin, C.P.A.

THE Accountancy profession has sustained a great loss in the death of Hamilton Stewart Corwin. Mr. Corwin died in the San Diego Hospital, San Diego, California, on Sunday, July 16th, following an operation which he had undergone in the same hospital. He was in his sixty-eighth year.

As an executive with such organizations as the Standard Oil Company, the American Woolen Company, and the Hudson and Manhattan Railroad Company, and later in public practice as a member of the firm of Patterson, Teele & Dennis, Mr. Corwin had long been active in all matters pertaining to Accountancy. His place will not easily be filled. From 1897 to 1898, he was treasurer of the New York State Society of Certified Public Accountants, and from 1914 to 1917, he served with distinction as president of the same organization.

In THE PACE STUDENT for February, 1916, appeared an account of the life and professional career of Mr. Corwin which is reproduced herewith:

"Modern Business contains the stories of many lives of worthy achievement, but seldom does it record a commercial and professional career so wide in compass and productive in results as the career of Hamilton S. Corwin, member of the well-known Accountancy firm of Patterson, Teele & Dennis, of New York. Mr. Corwin's business experience, covering a period of forty years, has brought him into first-hand contact with nearly all aspects of human endeavor; and, as a consequence, there are few men in Greater New York whose advice upon perplexing matters of economic policy and executive adjustment is more persistently sought or more unreservedly followed than his.

"Rare power of analysis and constructive acumen of the highest degree, supported by a broad perspective of business difficulties, needs, and tendencies, make Mr. Corwin's name a synonym for knowledge—knowledge of what to do, of how to do it, and of why it should be done—whatever the nature or the size of the commercial problem coming before him for solution.

"A brief survey of Mr. Corwin's business career is sufficient to account for the high attainment which he has won in the field of Accountancy and in the field of Commerce.

"Equipped with a common school and business education, he entered railroad service as an accountant, and then spent fifteen years with the Standard Oil Company during its most active period of expansion, being engaged successively as auditor, organizer, systematizer, and manager in refining, transportation, and natural gas development.

"In 1890, Mr. Corwin, possessing the fruits of this rich business training, entered the private practice of Accountancy. In 1892, he formed a partner-

ship with the late A. Stuart Patterson, under the firm name of Patterson & Corwin, and later of Patterson, Corwin & Patterson. Upon the dissolution of this partnership, he took up private practice for several years, and in 1907 became a partner in the firm of Patterson, Teele & Dennis—a partnership which still continues.

"During the period of extensive railroad and industrial reorganization, beginning in 1892, Mr. Corwin was prominently engaged in investigations on behalf of various bankers and syndicates—



chiefly for J. P. Morgan & Company, in the enterprises conducted by the late Charles H. Coster. The principal reorganizations of that period were based upon Mr. Corwin's reports.

"Later, Mr. Corwin became controller of the American Woolen Company during its organization and for four years thereafter. Then, as a member of the firm of Patterson, Teele & Dennis, he assisted in the organization of the Hudson & Manhattan Railroad Company, and acted as the controller of that company for five years.

"Social and professional activities have also come into Mr. Corwin's life for a just share of attention. He is the honored president of the New York State Society of Certified Public Accountants; and he is an ex-trustee of the American Association of Public Accountants and has been a member of the Executive Committee of that organization. Mr. Corwin is also a member of the Masonic Order, the Railroad Club of New York, the Salmagundi Club, the Society of Colonial Wars, and the Sons of the Revolution."

WARD, WEBER & COMPANY, accountants and auditors, announce the opening of offices at 25 Broadway, New York City. The members of the firm are L. R. Ward, George H. Weber, and L. R. Ward, Jr. They announce that they will conduct a general accounting practice, including periodical audits, special investigations, installation of cost and production systems, and counsel in matters pertaining to federal and state taxation. L. R. Ward, Jr., was formerly a student at Pace Institute, New York.

IRA ELLISON, a former student of Pace Institute, New York, accepted recently, through the Pace Agency for Placements, Inc., a position as semi-senior accountant on the professional staff of Fedde & Pasley, certified public accountants, 55 Liberty Street, New York City. Mr. Ellison was formerly with G. S. Arbuckle, Inc., 156 Morgan Street, Jersey City, N. J.

F. E. LE MAISTRE, a former student of Pace Institute, has accepted, through the Pace Agency for Placements, Inc., a position as semi-senior accountant on the professional staff of Fedde & Pasley, certified public accountants, 55 Liberty Street, New York City. Mr. LeMaistre was formerly on the staff of Perine & Nichols, accountants, 149 Broadway, New York City.

MARTIN KORTJOHN and Associates, 15 Park Row, New York City, announce that on August 1, 1922, the name of their firm was changed to Kortjohn & Tripp, certified public accountants. The members of the firm are Martin Kortjohn, C.P.A., and Wilbour D. Tripp, C.P.A. Mr. Kortjohn was graduated from the Pace Courses in January, 1915. Mr. Tripp was also a Pace student.

EMIL CANNERT, Class D2505, Pace Institute, New York, through the Pace Agency for Placements, Inc., recently accepted a position as junior accountant on the professional staff of S. D. Leidesdorf & Company, 417 Fifth Avenue, New York City. Mr. Cannert was formerly employed by F. W. Squires, C.P.A., 25 Broad Street, New York City.

HENRY ALLEN PRICE, the well-known dramatic reader and monologist, entertained the weekly assembly of the Day-School Division of Pace Institute, New York, recently. Mr. Price, it will be recalled, took a prominent part in the entertainment at the annual banquet of Pace Institute, New York, a year ago.

THOMAS E. CAREY, Pace Institute, New York, formerly with Stern Brothers, 41 West 42nd Street, New York City, has accepted, through the Pace Agency for Placements, Inc., a position with the Wireless Press, 326 Broadway, New York City.

PAUL F. WETZLER, formerly a student at Pace Institute, Washington, was successful in passing the May C.P.A. examinations in Indiana. The Indiana examinations are conducted under the auspices of the American Institute of Accountants.

## How to Write a Letter of Application

By George M. Lattimer, A.B.

**M**OST people, at some time or other in their business lives, find it necessary to write a letter of application. There are plenty of business men and women who may rarely be called upon to write a sales letter, to adjust by letter a customer's complaint, to supply credit information, or to prepare a letter of recommendation, but every one of them will undoubtedly, at some time, apply for a position by letter.

The letter of application does not loom up as particularly important until the necessity for its use arises. Then it becomes all-important. Due to their lack of knowledge as to how to prepare an effective letter of application, many business men and women in applying for a position simply write a more or less stereotyped form of letter which may begin like this: "I noticed your adv. in this morning's *Herald* and wish to present herewith my application for the position." Letters of this type are so common that they have no individuality, and they can, therefore, do but little to impress the qualifications of the applicant upon the prospective employer.

### A Sales Letter

The letter of application is, in the strictest sense of the word, a sales letter. Instead of selling a commodity, it aims to sell a personal service—the service of the writer of the letter. Those fundamental principles which make a sales letter effective will, if properly applied, produce a productive letter of application. For example, the interest of the reader of the letter of application must be caught at the very outset. At the time the prospective employer receives your letter, he may receive anywhere from fifty to one hundred and fifty others. Something must attract his interest, and make your letter stand out from the great mass of applications. It is this appeal which the sales manager is constantly striving to get into his letters.

Before moving on to a discussion of the proper way to prepare letters of application, it will be well to consider that there are two major classes—those letters which are written in response to advertisements, and which apply for particular positions advertised; and those which are written where no particular vacancies are known to exist, and which simply aim to bring the merits of the writer to the attention of a particular individual, firm, or corporation, with the idea that a vacancy may possibly exist. In this article, we shall limit ourselves to a discussion of letters of application of the first type—those applying for particular positions which have been advertised.

Just as a salesman must give care and thought to his personal appearance, just so the writer of a letter of application must give careful thought to

the outward appearance of his letter. No matter how good a salesman's wares may be, or how fair his prices, unless he can get by the outer portals of the office and present his proposition to the proper executive, no sale will be made. Always, the good salesman realizes the value of the right kind of personal appearance in getting in to the man he wishes to see, and he governs himself accordingly. Let the man applying for a position by letter realize that his letter must compete with many others, and let him aim at the outset to make its appearance the best that he can.

Certain mechanical details must be considered and given due weight. Stationery should be of good quality bond, and the regular business size—8½x11. Folded-over social stationery should never be used. The stationery should be white and the envelope should match. Ordinarily, do not use hotel or club letter-heads. The average business executive is not at all impressed by a letter written on stationery of the Waldorf-Astoria, with another address given at the bottom. There is some difference of opinion as to whether letters of application should be typed or written in longhand. Some advertisements specifically request that the applicant reply in his own handwriting. This situation obtains particularly in respect to clerical positions where the incumbent is required to make a great many figures and notations in his own handwriting. Some authorities feel that even in case a man answers one of these advertisements specifying that he reply in his own handwriting, he may have the letter itself typed and enclose a separate sheet with some notations and figures in his own handwriting.

### Arrangement of Parts

Whether the letter of application be typed or prepared in longhand, care should be given to the arrangement of the various parts. The following tabular form is suggested for use in many instances:

#### Education:

1900–1904, Student at Livingston, New York, High School; Graduated, 1904.  
1904–1908, Williams College; Graduated 1908.  
1908–1911, Evening School student of Accountancy and Business Administration at Pace Institute, New York City; Graduated, 1911.

#### Business Experience:

1908–1912, Assistant in Accounting Department, American Steel Corporation, 180 Broadway, New York.  
1912–1918, Executive Accountant, Smith, Blair & Rand, 35 Beaver Street, New York City.  
1918—Chief Auditor, Rowan Manufacturing Company, Pittsburgh, Pa.

## Qualifications:

You will note that all my experience has been along accounting lines. I have devised and installed accounting systems, and my varied experience has naturally developed and matured my business judgment. I have always been deeply interested in the constructive aspects of accounting. I laid out the entire plan of organization for Smith, Blair & Rand. They are still operating under this plan.

## References:

Thomas S. Bowen, controller,  
American Steel Corporation,  
180 Broadway, New York City.

Thomas D. McGrath, treasurer,  
Smith, Blair & Rand,  
35 Beaver Street, New York City.

It is, of course, obvious that the letter of application should be worded with care, and should, in all respects, give evidence of the ability of the applicant to express himself in direct, clear, and forcible English. The prospective employer is likely to assume that if the applicant expresses himself clearly, he undoubtedly thinks clearly as well.

*What the Letter of Application Must Do*

Since the letter of application is a type of sales letter, it must do what the sales letter does:

1. Attract attention
2. Convince
3. Induce action

*How to Attract Attention*

In the first paragraph, the writer must aim to attract the favorable attention of the prospective employer. He should emphasize in the first paragraph his qualifications which fit him particularly for the position advertised. He should usually avoid such stereotyped beginnings as these:

"Your advertisement in this morning's *Times* has come to my attention, and I am applying for the position."

"I have been informed that you are in need of a competent bookkeeper familiar with controlling accounts. Please consider my application for the position."

"I beg leave to apply for the position as junior accountant which you advertised in this morning's *Tribune*."

These openings lack the proper emphasis and individuality. In attempting, however, to make his first paragraph attract favorable attention, the writer must avoid being smart or flippant. Such beginnings as the following should be avoided: "Why seek further? I am the man you want," "Employ me and relieve your mind from further worry about your bookkeeping department."

The first paragraph should attract attention, but it should do so in a dignified way. The writer of a letter of application must remember that he should put into his first paragraph something which will tie up closely with the requirements of the particular position advertised. To this end, he should

study the advertisement carefully, in order to show the prospective employer that he (the applicant) has exactly the proper qualifications for the position.

The following opening paragraphs are suggested:

"You advertise for an experienced bond salesman. I have had three years of experience in the sales department of Durr, Smith & Company, meeting a most responsible clientele. I feel sure that I can meet your requirements."

"Three years on the professional staff of Blank & Purdy, certified public accountants, have afforded me an opportunity to study at first hand various types of business organizations. You advertise for an accountant with foundry experience. Much of my work with Blank & Purdy has been along these lines."

"My entire business experience has been in credit work. I am at present assistant credit manager of the Starrett Company, but am compelled, because of family matters, to seek a business position in the Middle West."

*How to Convince*

After attracting the attention of the prospective employer by means of the right kind of opening paragraph, the writer's next step is to convince the prospective employer that he (the writer) has exactly the qualifications necessary for the position. It should be an easy step from the right kind of opening paragraph to more specific data which will prove to the employer that the writer's general qualifications are of the right kind. Always the writer of the letter of application should remember that he should emphasize in his training and in his experience the matters which, from the words of the advertisement, are uppermost in the mind of the prospective employer. This does not mean that any aspects of the writer's experience should be covered up, but that, on the other hand, he should dwell at particular length upon the experience which he has had which ties in closely with the needs of the prospective employer. It is in this experience, naturally, that the prospective employer is primarily interested. The applicant should study the advertisement carefully, and then should set out specifically to show how he is particularly fitted to meet the requirements. You can not convince an employer by saying that you have had wide accounting experience. Mention the experience in detail. Give the names of the firms for whom you worked, and the experience which you had with each. Convince the employer by facts and not by general statements.

References and letters of recommendation are valuable aids in convincing the prospective employer of the desirability of employing you. References are the names and addresses of individuals to whom the prospective employer may write or telephone. Recommendations are the letters which former employers may have given you. Many employers do not attach much weight to letters of recommendation. In certain instances, however, a good, strong letter of recommendation may be of assistance in making your application stand out from the others. In giving references, it is fre-

quently desirable to include telephone numbers, so that a prospective employer may secure immediate information about you over the telephone. Many firms, nowadays, do not give information about former employees by letter, and it can, therefore, be readily seen that it is helpful to give telephone numbers. It is only common courtesy to secure from a man whose name you use as a reference permission to so use it. This is likely to put him in a much more receptive mood when he receives an inquiry concerning you.

If you decide to use letters of recommendation, you should make copies of the letters. Never enclose original letters of recommendation, as frequently they will not be returned to you. In case you make copies, be sure to write the word "copy" at the top of the letter.

#### How to Secure Action

This is not necessarily a difficult matter, if you have attracted the favorable attention of the prospective employer. If you have convinced him that you are one of the men he should interview, he will undoubtedly ask you to call to see him. On the other hand, by showing your willingness to meet him for a conference at any time that he may suggest, you may possibly steal a march on the other fellows who leave the matter of a conference entirely at the discretion of the prospective employer. It is not desirable to tell the employer that he must decide to employ you at once as you are considering another offer. Say, instead:

"I shall be glad to call on you at your office at any time that you may name. You can reach me on the telephone—Broad 6420—any week-day between 9 and 12, and 1 and 5."

#### General Considerations

If the applicant is out of a position, he should usually explain how he came to leave his last position. It is not well to let the prospective employer think that the applicant is chronically "out of a job." Explain why you left your last position, or why you plan to leave your present one. Try to be as specific as possible. Avoid such statements as: "I left my last position because there was no opportunity to get ahead," or, "The Blank Company have refused to increase my salary and I am going to resign."

Just as the proper point of view is essential in preparing a good sales letter or a good adjustment letter, so the proper point of view is essential in preparing a letter of application which will produce the desired results. Think constantly of the employer and what he wants. Try to put yourself in his place and write the kind of letter that would appeal to you if you were the employer. The tone of your letter of application should be assertive, not wheedling or cringing. Of course, self-assertion can be carried too far. There is a difference between smartness and emphatic statements of your qualifications. Do not be afraid of using "I." You are talking about yourself, and it is more natural to begin your sentences with "I" than to be continually avoiding this natural beginning. Note the following form:

1321 Smith Street,  
Worcester, Mass.  
June 30, 1922.

Brown, Chapin & Company,  
205 South Clark Street,  
Chicago, Illinois.

Gentlemen:

My four years of experience as assistant credit manager of the Boutwell Company, of this city, should fit me to fill the position in your credit department. Allow me to submit my application.

I am a graduate of the University of Vermont, class of 1915, and of the Pace Institute of Accountancy, Boston, Mass. I have studied carefully the work of the credit man, and have contributed regularly to such periodicals as the *Credit World* and the *Credit Man's Magazine*.

My business experience has been entirely with two firms—Wheelock & Company, of Boston, where I was employed in the accounting department from 1915 to 1918; and the Boutwell Company, of Worcester, Mass., where I have been in the credit department from 1918 until the present time. For the past two years I have been assistant credit manager of the Boutwell Company.

For information concerning my business and executive ability, I am glad to be able to refer you to the following persons. Mr. Lamb can tell you specifically about my work in handling credits and collections.

Robert W. McBride, general manager,  
Wheelock & Company,  
328 Milk Street,  
Boston, Mass.

Henry S. Lamb, treasurer,  
Boutwell Company,  
26 State Street,  
Worcester, Mass.

The Boutwell Company is about to consolidate with the Richards Steel Supply Company, and I am, therefore, obliged to resign and seek a new position.

It happens that I shall be in Chicago on July 5th. Could you give me an interview some time that afternoon? If you find it convenient to do so, you can reach me on the telephone in Chicago—Lake 1983—any time after July 3rd.

Yours very truly,

A letter of application is written to secure a position. Its value must be tested by that measure. The stationery should be of good quality and of standard size. Oftentimes, it is helpful to arrange the details in tabular form. A letter of application is a sales letter. It aims to sell services. It should have the proper point of view and should aim to attract attention, convince, and induce action on the part of the reader. The reader—the prospective employer—must be constantly considered. The letter of application should maintain the proper tone, and should show the prospective employer that the writer believes in himself and in his qualifications for the particular position for which he may be applying. A productive letter of application can not be constructed on the spur of the moment. Care and attention must be given to it if it is to fulfil its mission.



ONE of the largest chain-store organizations in the country reports that June sales of this year show an increase of 16.48 per cent. compared with June, 1921. For the first six months of 1922, the increase over the corresponding period last year is 11.24 per cent.

J. SCOTT THORNTON, a graduate of the Pace Courses, is secretary and treasurer of the Pittsburgh-Idaho Company, Ltd., Pittsburgh, Pa.

J. E. BLOOMER, JR., a former student in the Day-School Division of Pace Institute, New York, is now with Geigy & Co., Inc., 89 Barclay St., New York. Mr. Bloomer's home is in Binghamton, N. Y.

R. VOGEL, Class D2505, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with F. B. Hall & Company, Inc., 67 Wall Street, New York City.

PITTSBURGH SCHOOL OF ACCOUNTANCY, conducting Pace Standardized Courses, announces the removal of its offices and classrooms to new quarters in the State Theatre Building, 335 Fifth Avenue, Pittsburgh, Pa.

HUGH CONNOLLY, Pittsburgh School of Accountancy, conducting Pace Standardized Courses, has been promoted to the position of chief clerk of the Accounting Department of the Detmer Woolen Mills Company, Pittsburgh, Pa.

J. F. MAHONEY, a former student in Pace Institute, New York, was successful in passing the recent New York State C.P.A. Examinations. Mr. Mahoney is now on the staff of Emanuel Engel, C.P.A., Woolworth Building, New York City.

BARTHOLOMEW F. LEE, class D407, Pace Institute, Boston, is now associated as a partner with the firm of Roderick A. McIntire Co., dealers in plating and polishing supplies and machinery, with central office at 137 Chestnut Street, Providence, Rhode Island.

A. J. HAMILTON, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as semi-senior accountant on the professional staff of Ward, Weber & Company, 25 Broadway, New York City. L. R. Ward, Jr., of Ward, Weber & Company, is a former student of Pace Institute, New York.

IRA W. LEECH, A.M., has assumed his duties as registrar of the Pittsburgh School of Accountancy. Mr. Leech is a graduate of Washington and Jefferson College, Washington, Pa., and later studied at the University of Pennsylvania. He has recently been associated with MacLean & Company, and with Richter & Company, certified public accountants, in their Pittsburgh offices. Mr. Leech will teach accounting at the Pittsburgh School, in addition to carrying on his duties as registrar.

A. P. MACINTYRE, Class E504, Pace Institute, Boston, was recently appointed controller of Lever Brothers Company, the large soap manufacturers of Cambridge, Mass.

GEORGE J. NELSON, Pace Institute, New York, has accepted a position as bookkeeper with Clifford & Lawton, 373 Fourth Avenue, New York City. Mr. Nelson was formerly with the Inter-City Fuel Company, 412 E. 30th Street, New York City. He accepted his new position through the Pace Agency for Placements, Inc.

CHARLES FLASKAL, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as semi-senior accountant on the staff of Fedde & Pasley, certified public accountants, 55 Liberty Street, New York City. Mr. Flaskal was formerly with R. Masling & Company, accountants and auditors, 500 Fifth Avenue, New York City.

ARTHUR E. CHANDLER and HOWARD E. MURRAY, members of the American Institute of Accountants, 816 Second National Bank Building, Akron, Ohio, announce the admission to partnership of Floyd Chilton. The firm will hereafter be known as Chandler, Murray & Chilton. In addition to the offices at Akron, Ohio, the firm also maintains offices in Cleveland, Ohio, at 666 Rose Building. Mr. Chandler is a former student of Pace Institute, New York.

THE American Institute of Accountants will hold its annual meeting on September 18th, 19th, 20th, and 21st, at the Drake Hotel, Chicago, Illinois. Among the papers which will be read before the convention are the following: "Why Should We Have a New Federal Tax Law," by Robert H. Montgomery; "Reserves," by H. A. Finney; "Taxation of Capital Gains," by George O. May; "Treatment of Foreign Exchange in Branch-office Accounting," by Cecil S. Ashdown. The Committee on Meetings is composed of Messrs. C. R. Whitworth, F. R. Roberts, and George W. Rosseter.

GEORGE C. FOSTER, a student in Semester E, Pace Institute, New York, died on July 5, 1922, as the result of an operation on his throat which he underwent in April. At the time of his death, Mr. Foster was employed by The Borden Company, 350 Madison Avenue, New York City. He resided at 83 Robertson Avenue, White Plains, New York.

Mr. Foster enrolled in the Pace Course on January 5, 1920. His record as a student was excellent, and particularly notable was his attendance record, which was practically perfect. The members of the faculty and of the student body of Pace Institute feel deeply the loss which they have sustained in Mr. Foster's death, and extend their sympathy to his family and friends.

## September Day Class at Pace Institute, New York

A new class (Semester A) will be organized in the Day-School Division of Pace Institute, New York, on

**Wednesday, September 13, 9:30 a.m.**

The work of Semester A will be completed in twelve weeks. School hours in the Day-School Division are from 9:30 a.m. to 3:15 p.m., Monday to Friday inclusive.

Students study Accountancy and Business Administration, Business English, Report and Letter Writing, and Business Practice. They also make regular trips of inspection to the offices and plants of the largest business and industrial organizations in the metropolitan district.

Write for a copy of the new Day-School Bulletin, and further information concerning the new class forming on September 13.

**Pace & Pace**

30 Church Street

New York City



## The Question and Answer Department

*This Department does not publish answers to all the questions received, but only to those which are deemed to be of general interest to readers of The Pace Student. A communication, in order to receive attention, must contain the name and the address of the person asking the question.*

**T**HE firm by whom I am employed spend a considerable sum of money annually for Electrotypes for printing labels and color charts, known as color cards, also color chips which are mounted on the cards, as well as a considerable sum for other forms of advertising.

Is it proper to charge these amounts direct to miscellaneous advertising account, or should they be treated in some other manner?

Will you kindly favor me with an expression through the columns of THE PACE STUDENT at your convenience?

*Answer:*

It is perfectly correct to charge these expenditures to Advertising if you so desire. If they amount to a considerable sum, however, it may be well for analysis purposes to set them up in a separate account.

*Regarding the Solution to Proposition Two,  
Question and Answer Department,  
July, 1922.*

**I**F THE \$50,000.00 represents the estimated loss to the property on the basis of the appraised value of the plant as determined two years previous to the fire, this amount constitutes the insured's claim against the insurers unless, by virtue of the operation of the co-insurance provision, the insured has been made a co-insurer, and should form the debit part of an entry charging the insurers (Claims Receivable) for such an amount.

If, by reason of the co-insurance provision, the insured has been made a co-insurer, the charge to Claims Receivable should be made as above, less the proportion of the loss which the insured must sustain, which latter amount is properly chargeable to an Uncompensated Fire Loss Account representing a nominal element of outgo, in consequence of the inadequate fire insurance carried.

As fire losses are settled on the basis of cost of reproduction new at the time of fire, less accrued depreciation, however caused, which difference is known in fire insurance parlance as "sound value," the whole amount of the loss (\$50,000.00) is not properly a credit to the Plant Account which has probably been built up at cost and does not reflect the appreciation of value as indicated by the appraisal. Therefore, the proportion of the fire loss (amount of claim against insurers plus amount, if any, of loss which the insured must bear as co-insurer) to be credited to the Plant Account under these circumstances is determined by the relation which the whole loss bears to the sound value of the property subject to risk at the time of fire.

Assuming the appraisal of \$450,000.00 fairly to represent the sound value of the plant at the time of fire, the proportion of the plant destroyed is one ninth. One ninth of the Plant Account as carried on the books at the time of fire should therefore be written off in the balancing credit, and the difference between this amount and the amount of the fire loss as defined above should be credited to an appropriately titled income account, or, if the amount is desired to be impounded and held for use in financing present or future replacements or extensions, an account titled Reserve for Realized Enhancements of Capital Assets may be credited.

Assuming in the case in point that the insured had covered the property by fire insurance at its net book value of \$250,000.00, said insurance being written subject to the 80 per cent. Co-insurance (reduced-rate average) Clause, the first entry in order after fixing the amount of the fire loss would be as follows:

ACCOUNTS RECEIVABLE—FIRE		
CLAIMS.....	\$34,722.22	
UNCOMPENSATED FIRE LOSS...	15,277.78	
To PLANT ACCOUNT.....		\$27,777.78
RESERVE FOR REALIZED ENHANCEMENTS OF CAPITAL ASSETS.....		22,222.22

For fire loss estimated and agreed to this day, of \$50,000.00, to plant assets destroyed.

Exception may be taken to the procedure of charging a nominal account (Uncompensated Fire Loss) for the proportion of the damage which the insured has been required to sustain by reason of his failure to carry the proper amount of insurance, in view of the fact that it covers a loss in value which has not previously received recognition in the books of account. From the standpoint of the accounts as maintained at the time of fire, \$27,777.78 measures the amount of the decrease in the Plant Account which the fire has occasioned, and the excess of the amount receivable from the insurers over the credit to the Plant Account is the measure of the realized income (or credit to the Reserve) resulting out of the casualty. Some, in short, would close the Uncompensated Fire Loss Account into the Reserve (or income) Account, but in my opinion it is wrong in principle to assume that a loss in value in excess of cost has not been sustained merely because that value has never been reflected in the accounts, and especially when consideration is given to the fact that the means were available to the insured to prevent such a loss.

Expenditures for the partial or total rehabilitation of the damaged portions of the plant would be charged to the Plant Account at cost and, under the method outlined, a complete restoration of the

property, involving a capital outlay of \$55,555.56 could be effected without encroaching upon the working capital of the organization except to the extent of the enhancement of the depreciated value of the plant, to wit, \$2,469.14.

Summing up, the net result of the fire is that the organization must spend \$27,777.78 in addition to the undepreciated value (book value) of the property destroyed in order to obtain a complete restoration at this time. Of this sum, \$6,944.44 is available as a realized income arising out of the insurance claims for destruction of appreciated assets; \$3,086.42 is available through prior depreciation charges; and \$2,469.14 must be obtained as additional capital, as pointed out before. That the balance of \$15,277.78 must also be martialed from the current resources of the business as a result of the method of insuring the property certainly does not justify its treatment as a charge against current income, but, rather, the justification for the charge, if made, must be put on the ground that a value was destroyed which had been refused recognition until the necessity for its existence was made apparent by loss.

#### Whole Property:

Sound Value at Time of Loss .....	\$450,000.00
Accrued Depreciation .....	50,000.00
Cost of Reproduction New .....	500,000.00
Book Value at Time of Loss .....	250,000.00
Accrued Depreciation .....	27,777.78
Cost of Construction .....	277,777.78

#### Damaged Portion:

Loss Sustained .....	\$50,000.00
Accrued Depreciation .....	5,555.56
Cost of Reproduction New .....	55,555.56
Book Value at Time of Fire .....	27,777.78
Accrued Depreciation .....	3,086.42
Cost of Construction .....	30,864.20

Undepreciated Book Value  
of Portion of Plant De-  
stroyed .....

\$27,777.78

Excess of Cash Receivable  
from Insurers over above  
Amount .....

6,944.44

Cash Receivable from In-  
surers .....

\$34,722.22

Charge to Income Covering  
Uncompensated Portion of  
Fire Loss .....

15,277.78

Loss Sustained .....

\$50,000.00

Accrued Depreciation at  
Book Valuation .....

\$3,086.42

Excess of Accrued Deprecia-  
tion on Basis of Cost of  
Reproduction New .....

2,469.14

Total Accrued Deprecia-  
tion .....

5,555.56

Cost of Reproduction New.

\$55,555.56

Ten per cent. accrued depreciation is assumed.

*Wipe yesterday from your slate—devote yourself to  
the work in hand, and the work of to-morrow.*

**P**LEASE furnish me a form for the preparation of a Consolidated Balance Sheet for a home office and its branches.

Answer:

We are pleased to submit a form which shows briefly the essential features of such a statement.

The first three columns would contain the assets and liabilities of the Home Office, Branch A, and Branch B, as shown on the Post-closing Trial Balances of the books of the Home Office, Branch A, and Branch B. The individual items would then be cross-footed and extended in the Total column.

The accounts between the branches and the Home Office would be eliminated and any necessary adjustments in order to reconcile these accounts would be entered in the Inter-office Elimination and Adjustment column. After these eliminations and adjustments have been made, the current accounts—branches—should exactly offset the Home Office accounts. The current accounts—branches—would ordinarily be carried on the Home Office books, while a Home Office Account would be carried on each of the branch books. The last column would contain the final balances of assets, liabilities, and capital after all eliminations and adjustments had been made.

The form submitted is in the nature of a working statement, which is prepared to arrive at the figures shown in the final column. In the preparation of a Balance Sheet for such a corporation, the usual form of Balance Sheet is prepared, showing only the balances indicated in the last column on the working statement, without the division of these balances between branches.

#### MERCANTILE CORPORATION

##### Balance Sheet as at December 31, 19...

	Balance Sheets			Inter-office Eliminations and Adjustments		Company
	Home Office	Branch A	Branch B	Totals	Dr.	Cr.
						Balance Sheet
<b>Assets</b>						
Current Assets (detailed) .....	\$....	\$....	\$....	\$....	\$....	\$....
Investments (detailed) .....	....	....	....	....	....	....
Capital Assets (detailed) .....	....	....	....	....	....	....
Good Will .....	....	....	....	....	....	....
Deferred Charges (detailed) .....	....	....	....	....	....	....
Current Accounts, Branches .....	....	....	....	....	....	....
	\$....	\$....	\$....	\$....	\$....	\$....
	===	===	===	===	===	===
<b>Liabilities and Capital</b>						
Current Liabilities (detailed) .....	\$....	\$....	\$....	\$....	\$....	\$....
Capital Liabilities (detailed) .....	....	....	....	....	....	....
Capital Stock .....	....	....	....	....	....	....
Surplus .....	....	....	....	....	....	....
Appropriated Sur- plus (detailed) .....	....	....	....	....	....	....
Home Office Ac- counts .....	....	....	....	....	....	....
	\$....	\$....	\$....	\$....	\$....	\$....
	===	===	===	===	===	===

# September Classes in Accountancy and Business Administration are forming now at Pace Institute, New York, Boston, Washington, and Newark. Enrolment may be made in either the Day or the Evening School Division.

The work of the Day School Division appeals particularly to those students who can devote their full time to intensive preparation for Accountancy or Business—especially, recent high-school and college graduates. Each Semester of the Pace Course is completed in the Day School Division in less time than is required in the Evening School.

Write for full information about the distinctive work of Pace Institute. Specify whether you are interested in the Day or the Evening School Division. Ask particularly for "Making Good," a forty-page booklet, full of helpful information about men and women trained in the Pace Course, who are now practicing accountants or successful business executives.

Pace & Pace  
NEW YORK, 30 Church Street

WASHINGTON  
715 G Street, N.W.

BOSTON  
Tremont Temple

NEWARK  
24 William Street